



International Employee Benefits Association

# Adherence to a Global Benefits Governance Structure

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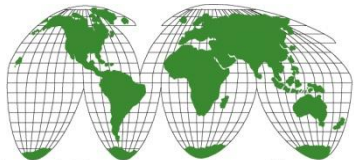
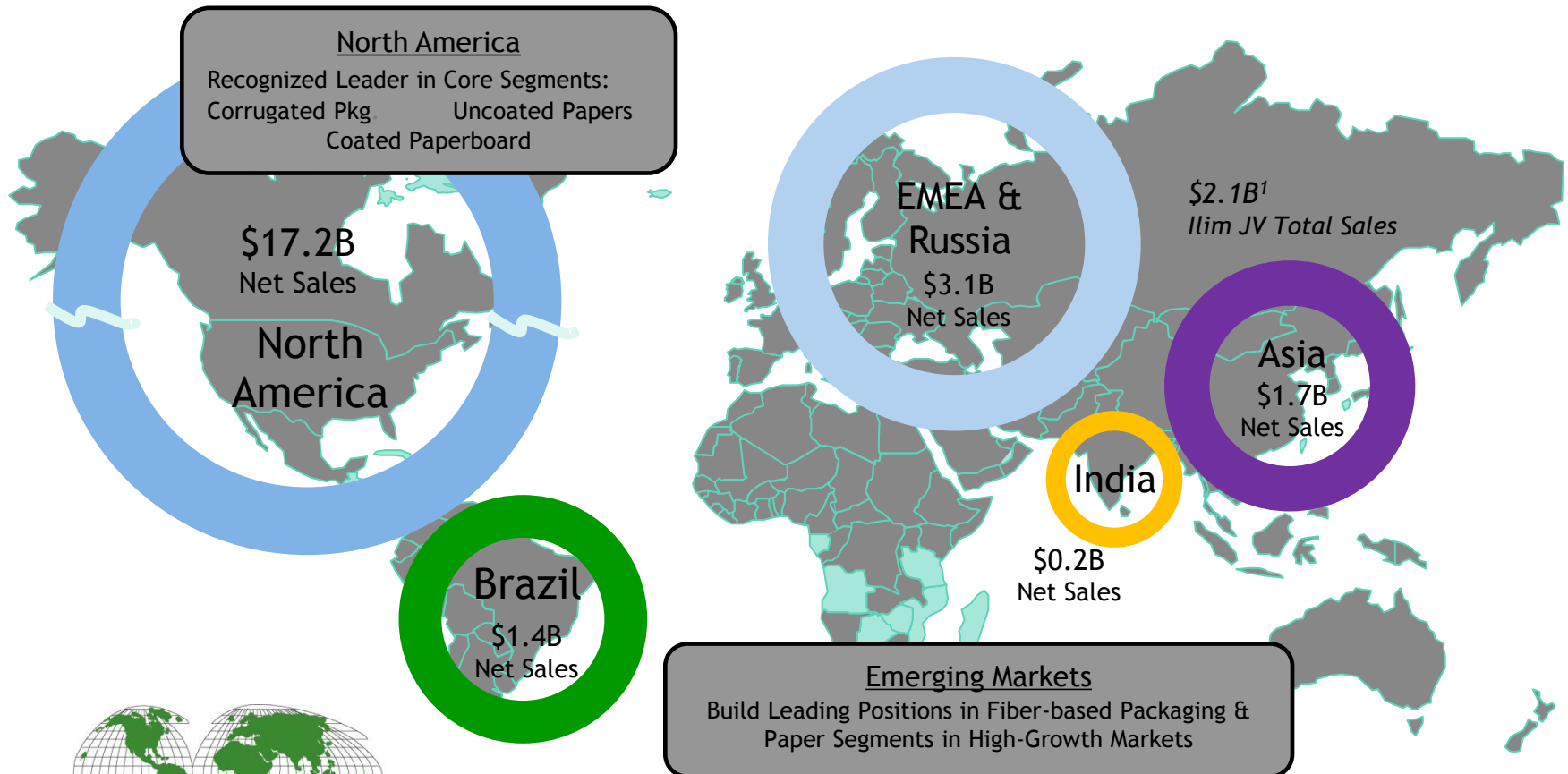
# Agenda

- Who is International Paper Company
- Background & Principles
- Operating Model
- Structure
- Governance
- Global Benefits Processes
- Questions

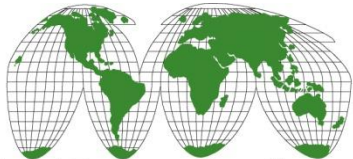


# Who is International Paper Company?

- Headquartered in Memphis, TN - Approximately 58,000 employees in more than 24 countries
- Annual sales for 2014 were approximately \$24 billion
- Global leader in packaging and paper - Manufacturing operations globally
- Businesses include industrial and consumer packaging, uncoated papers and pulp
- We make roughly every 3<sup>rd</sup> box used in the U.S.
- More than 95% of all products in the U.S. at some point are shipped in a corrugated container

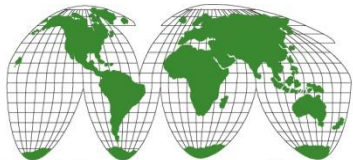


# Background & Principles



# Background

- HR Strategy Work - Late 2007/Early 2008
- Global Compensation asked to develop a Global Compensation Center of Expertise
- Center went live Q3 2008
- Work a result of input from individuals across the globe
- Global Compensation and Benefits merged Q1 2009
- Work finalized in applying same principles to Benefits Enterprise-wide processes



# IP HR Operating Principles

## Business Alignment

Demand for HR services is driven by business priorities.

## Supply Management

All services will be evaluated and executed based on their value to the business.

## Enterprise-Wide Process Management

Enterprise-Wide processes will be designed and executed globally.

## Talent Management

We will leverage the standard talent roadmap to ensure that the best talent is available.

## Employee Experience

Employee experience is aligned with the IP Way every day.

## HR Governance

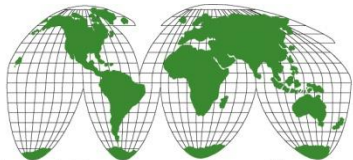
HR decisions will reflect value to the enterprise 1st, region/business 2nd.

## HR Infrastructure

HR infrastructure will enable the Enterprise-Wide processes in a manner that facilitates collaboration and builds regional/business capability.



# Operating Model



# Compensation and Benefits Philosophy

## Compensation

- Motivate - drive behavior
- Reward short- and long-term financial performance
  - ✓ Upside for outstanding performance
  - ✓ Downside for under performance
- Reinforces setting stretch objectives
- Easy to understand
- Competitive (50<sup>th</sup> Percentile; appropriately benchmarked)
- Measurable
- Aligned with shareowners

## Benefits

- Maintain a Competitive Benefits Program that:
  - ✓ Aligns with IP's strategy to attract, engage and retain employees
  - ✓ Delivers affordable financial protection for the Company and employees
  - ✓ Balances employee relations issues with cost effectiveness
  - ✓ Provides a balanced approach to health care management





# Defining the Term “Benefits”

## Benefits

### Protection

### Rewards

### Value For You

Medical, Dental & Wellness Insurance, Including EAP's

Disability

Life Insurance

Savings, Pension & Retirement, Retiree Medical Savings Plan, Vacation, Cars

Other Optional, Supplemental or Added Benefits

Note: EAP's is Employee Assistance Program's



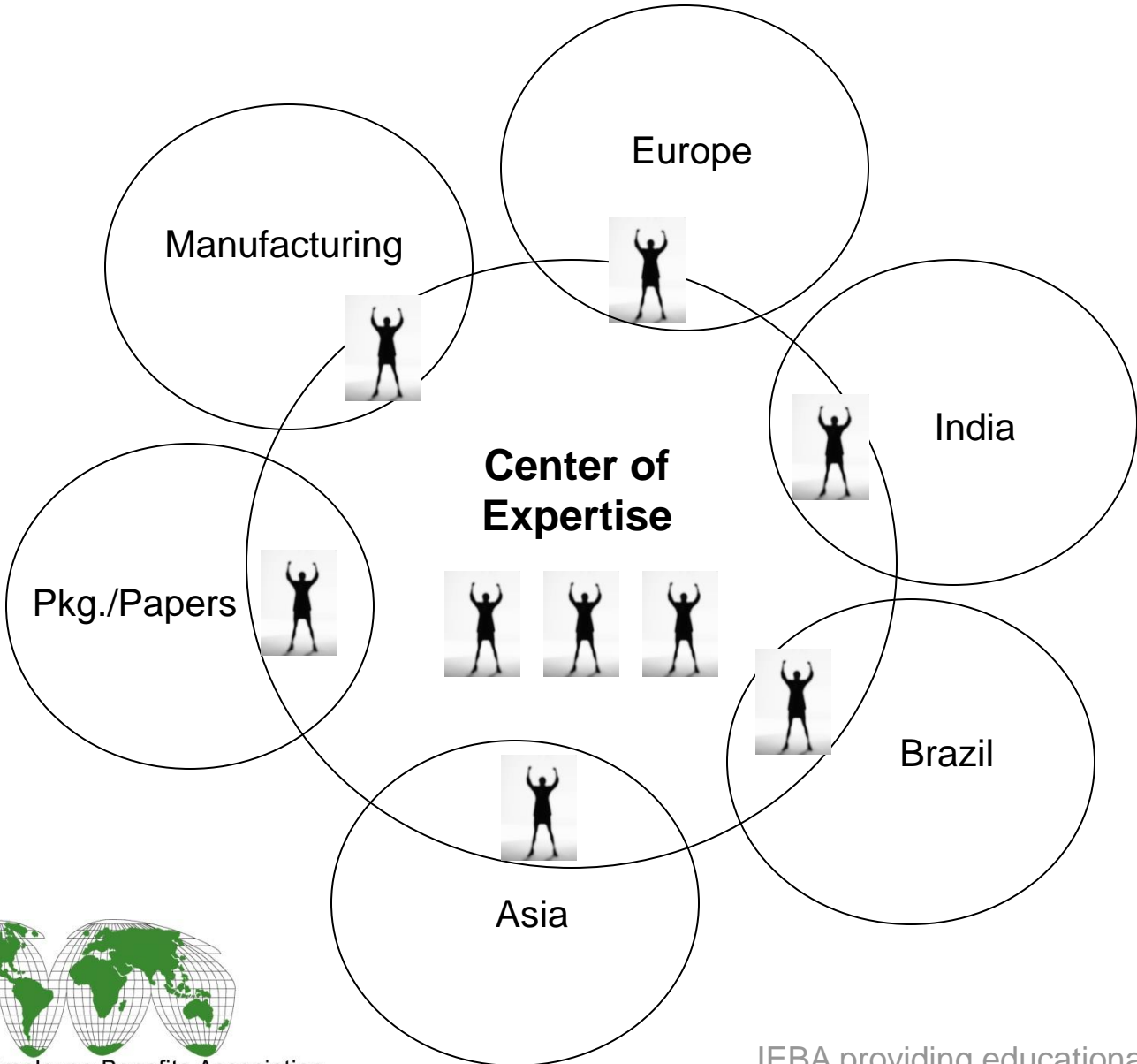
# Benefits Further Defined

Health & Welfare Benefits	Retirement Benefits	Voluntary Benefits	Policy Benefits	Legislated Benefits
Medical Insurance (including EAP)	Savings Plan	Added Benefits **	Vacation	Social Security Insurance
Dental Insurance	Retirement Savings Account (RSA)	Company Mall - Merchant Discounts	Tuition Reimbursement	Unemployment Insurance
Life Insurance	Retiree Medical Savings Program (RMSP)		Relocation	Family Medical Leave (FMLA)
Disability Insurance				

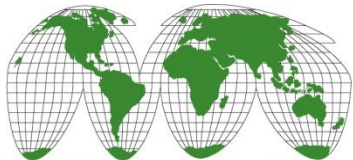
\*\* Includes Supplemental Benefits such as Vision, Auto & Home Insurance, Identity Theft Protection, Legal Planning, Pet Insurance and Discount Programs (Computers, Automobiles, etc.)



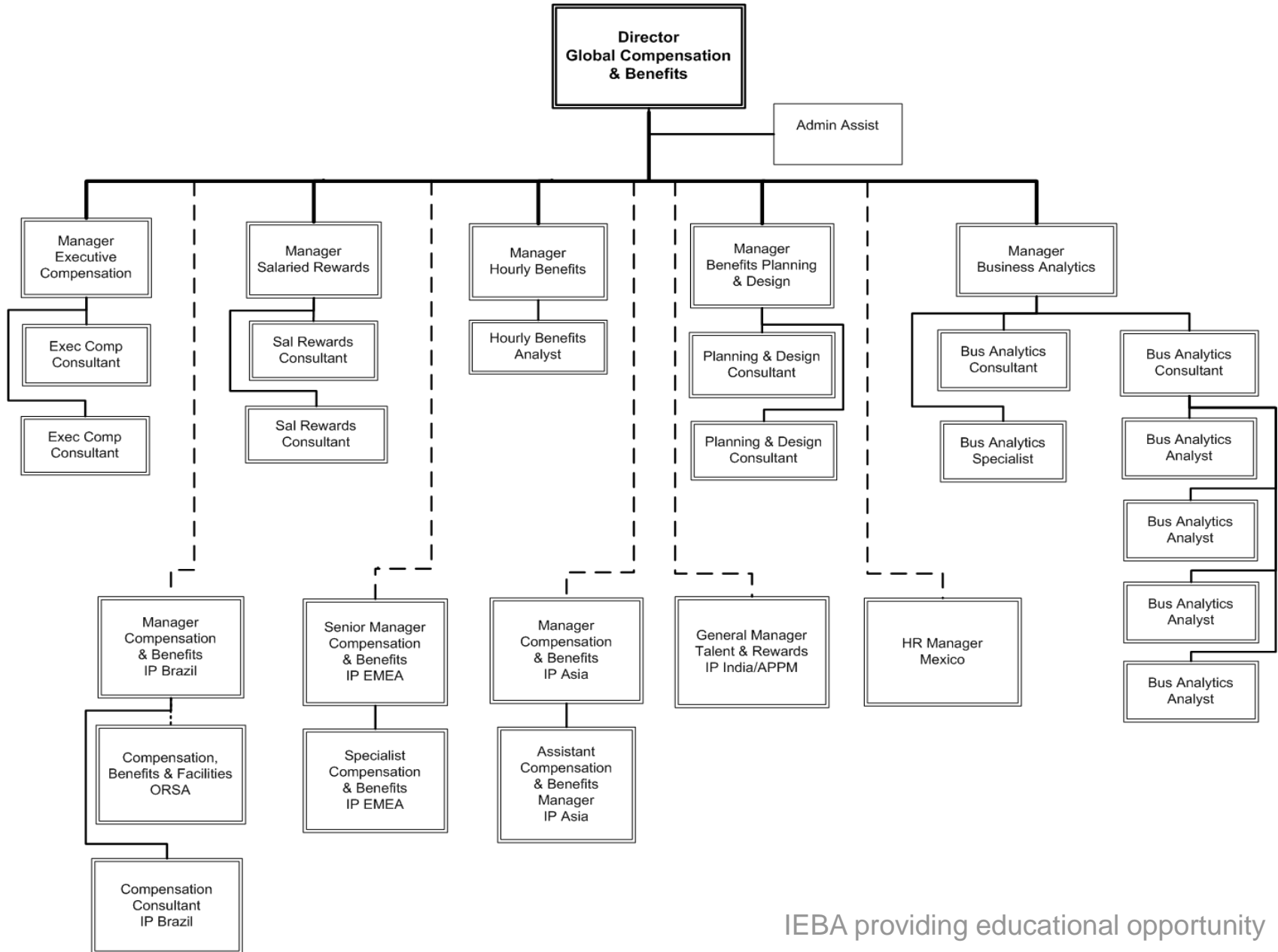
# COE Operating Model



# Structure



# Global Compensation & Benefits COE



# Benefits Governance



# Four Step Process for Making Changes

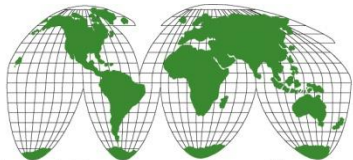
<p><b>STEP 1:</b> Determine - financial exposure - is benefit change a “significant” or “major” change.</p>	<p>Significant</p>	<p>Major</p>
<p><b>STEP 2:</b> Determine - from a plan design perspective - is benefit change a “significant” or “major” change.</p>	<p>Significant</p>	<p>Major</p>
<p><b>STEP 3:</b> Choose the greatest level of change - “significant” or “major” or “other”</p>	<p>Significant</p>	<p>Major</p>
<p><b>Step 4:</b> Decision</p>	<p>Significant = SVP HR Major = Director, GC&amp;B Other = Regional / Local</p>	<p>Significant = SVP HR Major = Director, GC&amp;B Other = Regional / Local</p>



# Requirements for IP Non-U.S. Governance

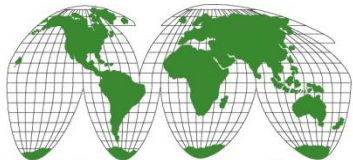
## General Areas Covered Under Benefits Governance

- Policies and Procedures
- Plan Design
- Employee Communications
- Financial Efficiency
- Investments
- Acquisitions and Divestitures





# Processes



# Compensation & Benefits COE

## Benefits Enterprise-Wide Processes

- Actuarial Work
- Brokerage Relationships
- Multi-National Pooling
- Benefits Survey Management
- Global Benefits Consulting
- Defined Benefit Plan Design
- Defined Contribution Plan Design
- Health & Welfare Plan Design
- Hourly Union Negotiations
- Mergers & Acquisitions
- Global Account Plan - International Pension Plan

